



From: Smithwick, Carolyn [carolyn@fwtpfcu.org]
Sent: Monday, March 31, 2009
To: Regulatory Comments
Subject: Comments on ANPR for Part 704

Response to ANPR on the Corporate Stabilization Plan.

I would like to first express my anger and frustration with NCUA'S action. There appears to be an agenda that only NCUA, Board Members, the Director are privy to. It also appears that NCUA is in bed with Pimco. There is no transparency. I have always been proud to be part of the credit union movement. However, since January 28, 2009, I have slowly lost faith in NCUA its leaders as well as CUNA. I think credit unions have been sold out. So that is my rant; now for my suggestion.

1. **Corporate Governance:** I think that anyone that sits on a corporate board should have a degree in Economic and Finance and should have worked in a credit union for at least 5 years and 10 would be better. I think each corporate should have a chief economist hold a seat on the board. I agree with term limits but I do not agree with directors being paid.

2. **Field of Membership Issues:** I believe NCUA should return to a defined field of membership for corporate credit unions. The Federal Credit Union Act authorizes natural person federal credit to invest in shares or deposits of any central credit union [corporate credit union]. As with all natural person credit unions, corporate credit unions are organized cooperatives, owned by their members and responsive to their needs, enabling their members to receive access to necessary products and services at affordable rates. I believe there are too many corporate credit unions. I have heard through several sources; when all the dust settles there will only be (4) four corporates left standing. If that is the case, why is NCUA prolonging the process? Why not just take the hit all at once? Take the healthy corporate and dismantle the sick corporate and let's get to the business at hand and **STOP TAKING ALL OF OUR MEMBERS HARD EARNED CAPITAL.** If a natural person credit union's CEO caused a loss of this magnitude, I can promise you, not only would the CEO be kicked to the curb, most likely the Board of Directors would be as well, NCUA would be in the natural person credit union going over the books looking at every scrap of paper trying to see why? Also, who said that Corporate CUs had to be giants? Since natural person cu are going away and the average size natural person cu is going to be \$100, 000,000.00 in assets why do we need 26 corporates? Is this also a way to kill two birds with one stone? NCUA gets rid of all the Corporate CUs as well as the \$3-\$80 million dollar CUs

3. **Payment System:** I support the payment system. I do not believe there should be separate charters for each role. Revenue generated from natural person CU deposits is at times needed to support the costly payment systems role. Corporate CU should be given the authority to engage in all the products and services they are capable of providing as long as it is in a safe and prudent manner. I agree that firewalls should be established between payment systems services and the other services, I do not agree that NCUA should require higher minimum levels of capital based on the number of services provided and the level of risk presented.

4. **Liquidity and Liquidity Management:** Liquidity should remain a core service of the corporate system. To protect and stabilize corporate CUs role in liquidity management, I suggest that the expanded investment authority to corporate CUs be rescinded and cash flow duration limitations be enforced. The investment portfolio should have a cap placed on how much can be invested in high risk investments. As well as laddering investments so that there are several maturing each month to fund natural person credit unions needs and large sum overnight investment needs.

5. **Expanded Investment Authority:** The primary role of Corporate CUs is to provide liquidity. I believe the expanded investment authority should be rescinded. Corporate's should not be able to take undue risk with the natural person credit union's funds. I believe all the investments should be very stable and very conservative.



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Southwest Corporate FCU is the corporate that my CU uses and we use basically all the services offered by Southwest Corporate.